

**MINUTES
BOARD OF TRUSTEES OF THE
PUBLIC EMPLOYEES' RETIREMENT FUND
McCormick's Creek State Park
250 McCormick's Creek Park Road
Spencer, IN 47460
May 24, 2006**

REGULAR SESSION

Board Members Present

Ken Cochran, Chair
Tony Armstrong
Kathy Ettensohn
Bob Welch
Matt Murphy

Board Members Absent

Chuck Schalliol, Vice Chair
Regina Overton

Others Present

Doug Kryscio, Mercer Investment Consulting
Iliana Nikolova, Mercer Investment Consulting
Curt Smith, Strategic Investment Solutions, Inc.
Peter Keliuotis, Strategic Investment Solutions, Inc.
Mike Arpey, Credit Suisse
Bernerd Yancovich, Credit Suisse

PERF Staff Present

David Adams, Executive Director
Shawn Wischmeier, Chief Investment Officer
Erin Hankins, Assistant to the Executive Director
Jayelynn Willman, Executive Assistant to the Board

Meeting called to order at 8:16am by Chairman Cochran.

I. Opening Remarks

Mr. Adams opened the meeting by reviewing the areas that would be covered at the meeting.

II. Asset-Liability Analysis

Shawn Wischmeier and Doug Kryscio reviewed the work that PERF and Mercer have conducted to date. The review included detailed looks at the following areas:

- The purpose and structure of an Asset-Liability Modeling Study
- The goals of the current Asset Liability Modeling Study
- Plan participant demographics
- Growth of liability and assets since 2001 and their future projections
- Projected funded status
- Past and projected benefit payments
- Past and projected employer contributions
- PERF current funded status and asset allocations
- Asset allocations for consideration and their risks and rewards

III. Alternatives

Peter Keliuotis gave an educational session on private equity.

Mr. Wischmeier reviewed PERF's current invested capital and committed capital in regards to alternative investments. He also reviewed the investment team process when making an investment.

The board met with Mike Arpey and Bernerd Yancovich from Credit Suisse. Mr. Arpey discussed their plans for the newly created Indiana Investment Fund I.

IV. Key Components of IPS

Mr. Wischmeier discussed PERF's current Investment Policy Statement (IPS) with the board. Mr. Wischmeier will present a list of recommended changes to the board at a later date for their review.

Mr. Welch made a point that the IPS should reflect long term goals and policies and not be too specific so that future boards will not have to revise it as the current board has to do. Mrs. Ettensohn stated the IPS should reflect policies not operational information or procedures.

V. Manager Performance Analysis

Mr. Wischmeier discussed the performance of the various PERF investment managers and how they are evaluated by PERF staff. The managers are evaluated based upon their performance net of fees, if

they are beating their benchmarks and if they are doing what PERF hired them to do.

VI. Minority & Women Business Enterprise (MWBE)

Mr. Kryscio and Iliana Nikolova discussed PERF's MWBE investments. Currently PERF has two MWBE managers that represent 2.4% of their assets. Mercer will determine what percentage of assets other pension systems have in MWBE investments and report back to the board.

VII. Closing Remarks

Mr. Adams thanked everyone for attending the retreat.

VIII. Date of Next Meeting

June 29th, 2006 at 1pm.

IX. Adjournment

Adjourned at 3:06 pm.